

Message Text

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ACTION ARA-02

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FM AMEMBASSY QUITO

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UNCLAS QUITO 5612

FOR: IOP/M

MEDIA REACTION

E.O. 11652: N/A

SUBJECT: U.S. TRADE ACT (GSP)

1. LEADING QUITO DAILY EL COMERCIO AUGUST 6 NOTED EDITORIALY TODAY THAT THE EXPECTED JULY 20 REPEAL OF EXCLUSION OF VENEZUELA AND ECUADOR DID NOT TAKE PLACE, AND SUGGESTED THAT MEXICO'S POSSIBLE ENTRANCE INTO OPEC MAY HAVE BEEN THE REASON. WASHINGTON MAY BE USING THE OPEC EXCLUSION AS A MEANS OF PREVENTING MEXICO FROM JOINING THE CARTEL, IT SAID; IF SO, THIS IS AN UNACCEPTABLE ACTION ON THE PART OF THE USG AND THE LAW SHOULD BE AMENDED FORTHWITH.

2. NOTING THAT THE EXCLUSION WAS PASSED IN A MOMENT OF ANGER AT THE ARAB OIL BOYCOTT, EL COMERCIO ASSERTS THAT THE TRADITIONAL SYSTEM BY WHICH PRIME MATERIALS ARE BOUGHT CHEAPLY WHILE MANUFACTURED GOODS ARE SOLD DEAR IS UNJUST, AND THAT PRODUCERS OF RAW MATERIALS HAVE THE RIGHT TO ASSURE THEMSELVES A FAIR PRICE FOR THEIR PRODUCTS. BLOCK QUOTES FOLLOW:

"THE TRADITIONAL MECHANISM WAS AND IS, THAT THE INDUSTRIALIZED COUNTRIES SET HIGH PRICES FOR MANUFACTURED GOODS AND LOW PRICES FOR RAW MATERIALS.

"BUT ECUADOR AND VENEZUELA DID NOT STOP EXPORTS OF OIL. THEY DID NOT ADHERE TO THE ARBITRARY POLICY OF THE ARABS, WHO USED OIL AS A WEAPON DURING THE WAR WITH ISRAEL...

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"WITH THE DISCOVERY OF LARGE OIL DEPOSITS IN MEXICO, THERE IS

THE POSSIBILITY OF MEXICO'S JOINING OPEC, WASHINGTON ANSWERED THESE RUMORS SAYING THAT MEXICO COULD BE SUBJECT TO REPRISALS UNDER THE TERMS OF THE TRADE ACT. PRESIDENT ECHEVERRIA VIOLENTLY REJECTED THESE THREATS.

"IT SEEMS THAT THE MEXICAN ISSUE HAS CAUSED THE POSTPONEMENT OF THE AMENDMENT INTRODUCED IN THE SENATE WITH THE SUPPORT OF THE MAJORITY OF THAT BODY. IF IT WAS SO, AND IF THE EXCLUSION WERE TO BE MAINTAINED, THEN THE U.S. WOULD CONTRADICT IN PRACTICE ONE OF THE THEMES OF EVERY CONFERENCE ON TRADE: THAT COOPERATION AND UNDERSTANDING ARE BASIC TO PEACE.

"FROM THE STATEMENTS OF VARIOUS U.S. SENATORS WE EXPECT THAT THIS GRADE ERROR WILL BE CORRECTED SHORTLY. FRIENDSHIP IS A TWO-WAY STREET, AS IS SOLIDARITY. ONE MUST ACCEPT AS AN INDISPENSABLE PRINCIPLE THAT HUNGRY PEOPLES CAN OVERCOME UNDER-DEVELOPMENT ONLY IF THE PRODUCERS OF RAW MATERIALS CAN FIX FAIR PRICES FOR THEIR PRODUCTS. IF NOT, POVERTY WILL CONTINUE TO BE AN IRRESISTIBLE ALLY OF SUBVERSION."

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